



Apollo Tyres Ltd
47th Annual General Meeting

Day/ Date: Thursday, August 20, 2020
Time: 3:00 PM (Commenced at 3:10 PM)

Present:

Board of Directors

Mr. Onkar S. Kanwar	- Chairman & Managing Director
Mr. Neeraj Kanwar	- Vice Chairman & Managing Director
Ms. Anjali Bansal	- Independent Director
Mr. Akshay Chudasama	- Independent Director
Gen. Bikram Singh (Retd.)	- Independent Director
Mr. Francesco Gori	- Non-Executive Director
Mr. Francesco Crispino	- Independent Director
Mr. Robert Steinmetz	- Non-Executive Director
Mr. Satish Sharma	- Whole-time Director
Mr. Sunam Sarkar	- Non- Executive Director and Chairman- Stakeholders Relationship Committee
Mr. Vinod Rai	- Independent Director and Chairman- Audit and Nomination & Remuneration Committee
Mr. Vikram Mehta	- Independent Director

Others

Mr. Gaurav Kumar	- Chief Financial Officer
Ms. Seema Thapar	- Company Secretary

Moderator: Dear Members of Apollo Tyres Ltd, Good Afternoon, and welcome to the 47th AGM of the Company held through VC. For smooth conduct of the meeting, Members will be in the mute mode. For Members who had pre-registered to speak at the meeting, the audio and video will be opened when they have to speak. Please note that, as per the requirements, the proceedings of the AGM will be available on the Company's website. The statutory registers required to be there during the AGM for inspection are available on the NSDL website. Now, let me hand over to the Chairman and Managing Director of Apollo Tyres Ltd., Mr. Onkar S. Kanwar. Over to you Sir.

Onkar S. Kanwar: Thank you very much. Good afternoon, dear Members. Hope you are all safe and healthy. As the requisite quorum is present, I declare the meeting as validly convened. Let me now introduce the Board Members.

Neeraj Kanwar – Vice Chairman and Managing Director; Mr. Akshay Chudasama – Independent Director; Anjali Bansal – Independent Director; General Bikram Singh (Retd.)- Independent Director; Francesco Gori – Non-Executive Director; Francesco Crispino – Independent Director. Robert Steinmetz – Non-Executive Director; Satish Sharma – Whole-Time Director; Sunam Sarkar – Non-Executive Director and Chairman of the Stakeholders Relationship Committee; Mr. Vinod Rai – Independent Director, Chairman of the Audit and Nomination & Remuneration Committee; Vikram Mehta – Independent Director;

Pallavi Shroff is not able to attend the meeting since she had to attend a court case.

Gaurav Kumar – CFO, Seema Thapar – Company Secretary and the representatives of statutory auditors & secretarial auditors are also attending the meeting.

Moderator: Thank you so much. We now request the Chairman to address the Members.

Onkar S. Kanwar: Good afternoon, ladies and gentlemen. It gives me great pleasure to welcome you to the 47th Annual General Meeting of Apollo Tyres Limited. The Board's Report and Audited Accounts for the financial year ended March 31, 2020, are with you. With your permission, I shall take them as read.

COVID-19 pandemic continues to impact all of us. Cases continue to rise around the world. We do not know how long this uncertainty around the pandemic will continue and therefore being safe is the need of the hour. I hope that each one of you and your family members are safe and continue to adhere to the respective government's guidelines and taking all the necessary precautions. This is the only way we can beat the Coronavirus. So stay safe, stay secure.

Indian economy has obviously been deeply impacted, specifically the performance of the Indian automobile industry is of concern as it has contracted by around 14%. Despite the tough economic play in India, and challenging environment in the Indian and European automobile segment, we continued to work to achieve our vision of being a premier tyre Company with a diversified and multinational presence.

To achieve the vision, we believe one of the aspects is to make our Company a leader in corporate governance. It is heartening to note that globally respected investment firm, Warburg Pincus made an investment of \$150 million and will be joining the Apollo Tyre Board. This is indeed a vote of confidence in our business, management team and growth prospects and I am confident it will further strengthen our Board and the governance.

The year gone by saw your Company continue its journey with a laser sharp focus on three paths, consolidate our market position in existing market and seek new market/ segments; continue investment in both brands- Apollo and Vredestein; Capacity expansion via greenfield facility and to seek other growth opportunities.

Building strong brand for Apollo and Vredestein has been a key goal for everyone at Apollo. In pursuit of this, we launched a successful 360-degree campaign of highly loud and watched 'Ganga', the TV commercial, with cricket legend Sachin Tendulkar and legendary Indian music maestro AR Rahman.

In Europe, we launched the new brand identity of our over 110-year-old brand, Vredestein. This will allow us to position Vredestein as even more premium brand and take our marketing activities to the next level. Further, our European

operations continued to add more original equipment manufacturers and now the Company supplies tyre to auto majors like Volkswagen, Ford and Seat. Our focus on R&D and developing best in class tyres continues to win us accolades. Leading auto magazine, Auto Bild, recognized us as the “All Season Manufacturer of the Year”. While prestigious US based Consumer Reports named Vredestein Wintrack Pro as a top performance Winter tyre.

We continue to find opportunities in a sea of COVID-19 challenges. We inaugurated virtually our seventh plant in Andhra Pradesh as also the new motorcycle radial facility in Gujarat. We have held multiple virtual dealer engagements and have done product launches during the times of Coronavirus.

Your Company's aspiration goes beyond just market leadership. One of the values we live by is ‘Care for Society’ and this value is our beacon in our pursuit to become a responsible organization and working to empower the underprivileged members of our community. Our CSR activities revolve around involving, influencing and impacting the key stakeholders, and ensuring it is a win-win situation for us and our stakeholders.

I am proud to mention that your Company supported the communities and stakeholders across multiple states of India even during the disruption caused by COVID. We launched an awareness campaign to make people aware of the spread and precautions to take for Coronavirus. The Company reached over a million people under this initiative. Also, we ensured supply of cooked food for families around the slums in various location across India and 15 day ration support of essential supplies such as ration support and hygiene kits to people and are supporting over 10,000 families in the crisis situation. Also, during the lockdown, TB patients had a hard time as they did not have access to medicines and could not do their scheduled appointments for their health check-ups and collect medicines. The Company ensured the medicines were available to patients with the support of District, TB offices, at times, also arranged for supply of nutritious food as it is crucial for TB patients.

It's been a tough journey for all of us, since the past two years. With the continuing uncertainties, I see things continue to remain challenging and we will continue to work towards ensuring increased stakeholder value. And I am sure that, like in the past, everyone at Apollo Tyres can continue to bank on

your support for having been our partners in this ongoing journey. I thank you for your continued encouragement. I am also thankful for the support we continue to receive from our banks, financial institutions, and various state governments we operate in; and also national government in various countries, that enabled us to grow and succeed.

I would especially like to highlight the initiative of the Indian central Government under the guidance of Honorable Prime Minister Shri Narendra Modi wherein the domestic tyre industry was given meaningful relief from the flood of unfairly priced, poor quality imports that were distorting the domestic market. With the need for licensed imports now the Government has ensured that only quality products not available domestically can be imported. I would like to take this opportunity on behalf of the entire industry to thank the Government and Honorable Prime Minister and assure them that we will repay this faith by significantly increasing production, jobs and export in the year ahead.

I would like to end with offering my very best wishes to all of you and your health, and continued well-being. Thank you.

Moderator: Thank you so much, Chairman. You may now continue with the resolutions. Over to you, Chairman.

Onkar S. Kanwar: Thank you. I will just go one by one. Notice along with the Board's Report and Auditors' Report have already been sent to the Members. I take them as read. Now I will explain the objective and implication of each item of notice.

Item No.1 relates to adoption of Audited Financial Statements, the Report of the Board and Auditors thereon, by the Members of the Company. After your approval, the same will be taken on record.

Item No. 2 relates to the confirmation of interim dividend of Rs. 3 per equity share already paid during the year as final dividend for the financial year ended March 31, 2020. After your approval, the interim dividend paid during the financial year would be confirmed and treated as final dividend.

Item No.3 relates to the appointment of Mr. Sunam Sarkar who is retiring by rotation. After your approval, he will be reappointed.

Item No 4. The ratification of the payment of remuneration to the Cost Auditor, who has been appointed by the Board at the remuneration of Rs. 3.30 Lacs for the financial year 2021.

Item No. 5 relates to reappointment of General Bikram Singh (Retd.) as an Independent Director. After your approval, he will be reappointed as the Independent Director for a second term of three years from August 11, 2020 to August 10, 2023.

Item No. 6 relates to the appointment of Mr. Francesco Crispino as Independent Director. After your approval, he will be appointed as an Independent Director for a period of five years from July 3, 2020 to July 2, 2025.

All items 1 to 6 of the notice have been voted by the members through remote e-voting from August 17 to August 19, 2020. The Members present at the meeting, who have not done remote e-Voting can now cast their vote using the e-Voting platform of NSDL. Mr. P.P. Zibi Jose will act as a scrutinizer for the voting process.

Now I will request Mr. Neeraj Kanwar – Vice Chairman and Managing Director to take the questions.

Moderator:

Thank you so much. Now we request Mr. Neeraj Kanwar, Vice Chairman and Managing Director to take the questions from the speaker members who have registered in advance. We will unmute the member and request them to limit their questions up to three minutes. Now, give me a moment while I allow the speaker shareholders to come online.

So we have the first question from Mr. T. M Ramchandran. Sir, you may go ahead.

T.M. Ramchandran:

Good afternoon. This is T.M. Ramchandran from Kerala. I am shareholder of the Company. Recently, I heard that the Company has inaugurated Andhra Pradesh plant virtually. I take this opportunity to congratulate the management for taking such a bold step in these tough times. I would like to know what are the latest updates on the Andhra Pradesh is plant.

Also, I have noticed that Company is very active on the CSR front. The Company has been doing a lot of CSR activities. I would like to know, what CSR activities are being undertaken by the Company? And can you explain in detail. Thank you for the opportunity. And I wish very best to the management and for the Company's future. Thank you.

Moderator: Thank you so much, Sir. We have the next question from Mr. Arun Jacob Joseph. Sir, you may go ahead.

Arun Jacob Joseph: Good afternoon, dear senior management team of Apollo Tyres. I am Arun Jacob, I am speaking from Kochi. First of all, thank you for giving me an opportunity to speak in the 47th Annual General body of Apollo Tyres Ltd. Sir, my questions are with respect to the COVID-19 pandemic. I know that COVID-19 pandemic that has impacted the business sector across the globe, including the tyre industry. So what has been the impact of COVID-19 on the business of the Company? And what measures are being taken by the Company to deal with the situation? Thank you, Sir.

Moderator: Thank you so much. We have the next audio question from Mr. Rachit Bhatia. Mr. Rachit, you may go ahead.

Rachit Bhatia: Good afternoon, Chairman Sir. Good afternoon, Board Members. Sir, myself Rachit Bhatia. I am a shareholder of your Company from Delhi. Sir, I have two questions for you. First of all, while going through your financial I find that finance cost during financial year 2020 has increased when compared to the previous year. What is the reason for increase in finance cost in the current year?

And the second one is, Sir, I have also noticed that the long-term borrowings of the Company during financial year 2020 has also increased. What are the reasons for increasing long-term borrowing during the year? I think my question will be answered very well Thank you so much.

Moderator: Thank you so much, Sir. As we have no other questions, I now hand it over to Mr. Neeraj Kanwar. Mr. Neeraj, you may go ahead.

Neeraj Kanwar:

Thank you shareholders, for your questions. I will try and answer most of the questions. We have already responded to the questions received from Members through emails.

Firstly, let me give you an update on AP plant. As you said, yes, we did a digital launch of AP plant on June 25th. We are very happy to see that the project's team was able to launch the plant under the COVID situation. And congratulations to the Apollo team to go ahead with the commencement and production of Andhra plant.

As we stand today, we are producing passenger car radial tyres, those 2,000 tyres per day. Our capacity that has been installed is for 15,000, which will come over the next 18 months. Truck radials will start in the month of September, capacity would be 3,000 tyres per day, which again would be reached in 18 months. So that's as far as the Andhra plant is concerned.

As far as COVID-19 and its impact on the business is concerned. As you already said that not only our business, but a lot of businesses have come under huge issues and challenges that COVID-19 has presented to us. We had a complete stoppage of sales and production in the last week of March and went on till early May. But slowly, slowly things are improving, factories are coming back to production. We are still running our production at between 50% and 60%. In the first quarter, you would have seen our results that have impacted by a (-34%) year-on-year, so that is a huge hit the Company has taken.

Your next question was the measures that we have taken as a Company as far as COVID is concerned. I am happy to say that the Company has been very open and dynamic in taking very tough decisions. Firstly, no increments were given in the current year to any employees. The advertising and promotion expenses have been sharply reduced. And obviously, travel costs are negligible. One good thing is that all our expenses on conferences and product launches happened digitally. So a lot of money was saved as far as digital launches were concerned. And that example is even Andhra plant.

CAPEX has been reduced by nearly 50%, so that's another good news for all of us. Net, net, all precautions have been taken as far as safety of our plants are concerned, safety of our employees and their families.

As far as the CSR activity is concerned, I will ask my colleague, Sunam, to please come and give us an update to the shareholders. Thank you.

Sunam Sarkar:

Thank you Vice Chairman. And Mr. Ramchandran, thank you for your kind comments on our CSR programs. Our programs have always been around the four key themes of healthcare, environment, public sanitation, and women's empowerment. Along with the advent of the COVID pandemic, we have also repurposed our programs to sharply focus on what we can do to address the situation. On an immediate basis, we provided relief by providing food supplies to the trucking community and the daily wage earners and communities around our manufacturing locations. We distributed personal protective equipment.

Our women's empowerment program which earlier was making food items and other items for general sale, we enabled them and trained them to make face masks, because that is the most important thing in today's environment. We are also now focusing on increasing resilience so all our healthcare centers will also be doing COVID screening. And we have introduced a virtual doctor consultation for the driver community so that they can benefit from this. Thank you.

Neeraj Kanwar:

Thank you, Sunam. As far as the last two questions on finance costs and long-term borrowings are up, I will request our CFO, Gaurav Kumar, to please answer these two questions.

Gaurav Kumar:

Thank you, Vice Chairman. Thank you, Mr. Bhatia, for your questions. A large part of increase in finance cost is due to adoption of a new accounting standard for leases, which is the IndAS 116. Under this, earlier the expense which was appearing as lease rental is now amortized and shown under finance cost and depreciation. So, a large part of the increase in finance cost that you see is because of this new accounting standard. There were also increased borrowings for the growth program and the expansion in India, particularly the greenfield plant in Andhra Pradesh.

That's also the reason for your second question. The increase in long-term borrowings was to fund the expansion in the Indian operations, primarily the

greenfield plant in Andhra Pradesh, which will provide the base for future growth of the Company for years to come. Thank you.

Neeraj Kanwar: Thank you, Gaurav. So, I think we have answered all the questions to the shareholders. Now, may I request our Chairman to please take over the proceedings.

Onkar S. Kanwar: Thank you, Neeraj. And thank you, Sunam and Gaurav. As we have carried out items mentioned in the notice of the AGM, I would like to thank all the participants who have attended the 47th AGM of the Company. Once again, very sincere thanks to everyone, all the members and everyone else. Thank you.

Moderator: Thank you so much, Sir. The Members who have not cast their vote can still cast their vote using e-Voting platform of NSDL until 15 minutes from now.